

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-02 PRS-01 IO-13 /118 W
-----251728Z 109706 /50

R 251459Z APR 77
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 2802
INFO AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY BEIRUT
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
USMISSION USUN

UNCLAS DAMASCUS 2615

E.O. 11652: N/A
TAGS: EFIN, SY
SUBJECT: RUMORS OF SYRIAN DEVALUATION APPEAR UNFOUNDED

1. AS DETAILS OF SYRIAN GOVERNMENT FOREIGN EXCHANGE CRUNCH BEGIN TO BECOME MORE WIDELY KNOWN IN BUSINESS COMMUNITY, RUMORS THAT SYRIAN POUND DEVALUATION IS IMMINENT HAVE INCREASED. MINISTER ECONOMY IMADI'S STATEMENT APRIL 21 (SEPTEL) THAT DEVALUATION NOT IN THE CARDS DOES NOT APPEAR TO HAVE DISPELLED THE RUMORS. FUEL WAS ADDED TO THE STORIES WHEN SYRIAN GOVERNMENT ISSUED NEW SL 500 NOTES (LARGEST NOTE NORMALLY IN CIRCULATION IS SL 100).

2. EMBASSY CONVINCED THERE IS LITTLE INDICATION SYRIAN GOVERNMENT PLANNING TO DEVALUE. TO BEGIN WITH, SEMI-TOLERATED BLACK MARKET RATE FOR SYRIAN POUND HAS ONLY RISEN FROM 4.05 TO 4.14 SINCE RUMORS OF DEVALUATION
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WERE FIRST HEARD. SPECULATORS HAVE BEEN UNABLE TO PUSH IT ANY HIGHER. SECONDLY, DEVALUATION NOT RPT NOT A USEFUL INSTRUMENT TO SOLVE SYRIAN FOREIGN EXCHANGE PROBLEMS. PRINCIPAL SYRIAN EXPORTS (PETROLEUM AND COTTON) ARE ALMOST COMPLETELY PRICE INELASTIC. SIMILARLY, GIVEN VERY HIGH DOMESTIC LIQUIDITY, PRIVATE SECTOR IMPORTS ARE RELATIVELY PRICE INELASTIC, WHILE

BUSINESS SECTOR IMPORTS ARE CONTROLLED BY STATE
ADMINISTRATIVE APPARATUS WHICH IS NOT TERRIBLY RESPONSIVE
TO PRICE. ONLY PREDICTABLE CONSEQUENCE TO DEVALUATION
WOULD BE TO FUEL INFLATION. GOVERNMENT FINANCIAL
AUTHORITIES AWARE OF THIS ANALYSIS FAR BETTER THAN
US AND ONE SENIOR CENTRAL BANK OFFICIAL TERMED THE
RUMORS "SILLY".
PELLETREAU

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ALLEGATIONS, DEVALUATIONS, FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DAMASC02615
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770143-1067
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Subject: RUMORS OF SYRIAN DEVALUATION APPEAR UNFOUNDED
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